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**Federal Communications Commission**  
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**Washington, D. C. 20554**

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## **FCC ADOPTS ADDITIONAL REQUIREMENTS FOR ELIGIBLE TELECOMMUNICATIONS CARRIER PROCEEDINGS**

### ***Action Creates a More Rigorous Eligible Telecommunications Carrier Designation Process for Receiving Federal Universal Service Support***

Washington, D.C. – The Federal Communications Commission (Commission), on February 25, 2005, adopted measures addressing the minimum requirements for a telecommunications carrier to be designated as an “eligible telecommunications carrier” or “ETC,” and thus eligible to receive federal universal service support. Consistent with the recommendations of the Federal-State Joint Board on Universal Service (Joint Board), the Commission adopted additional mandatory requirements for ETC designation proceedings in which the Commission acts pursuant to section 214(e)(6) of the Communications Act of 1934, as amended (the Act). In addition, as recommended by the Joint Board, states that exercise jurisdiction over ETC designations pursuant to section 214(e)(2) of the Act, are encouraged to adopt these requirements when deciding whether a common carrier should be designated as an ETC. Following is a brief summary of the decision:

- (1) **Eligibility Requirements** – In satisfying its burden of proof necessary to obtain ETC designation, an ETC applicant must now: 1) provide a five-year plan demonstrating how high-cost universal service support will be used to improve its coverage, service quality or capacity throughout the service area for which it seeks designation; 2) demonstrate its ability to remain functional in emergency situations; 3) demonstrate that it will satisfy consumer protection and service quality standards; 4) offer local usage plans comparable to those offered by the incumbent local exchange carrier (LEC) in the areas for which it seeks designation; and 5) acknowledge that it may be required to provide equal access if all other ETCs in the designated service area relinquish their designations. In addition, these requirements are made applicable on a prospective basis to all ETCs previously designated by the Commission, and such ETCs are required to submit evidence demonstrating how they comply with this new ETC designation framework by October 1, 2006.
- (2) **Public Interest Determinations** – The Commission clarifies that its public interest examination for ETC designations will review many of the same factors for ETC designations in areas served by non-rural and rural incumbent LECs,

including the benefits of increased consumer choice and the unique advantages and disadvantages of the competitor's service offering,. In addition, as part of its public interest analysis, the Commission will examine the potential for creamskimming effects in instances where an ETC applicant seeks designation below the study area level of a rural incumbent LEC.

- (3) **Annual Certification and Reporting Requirements** – Each ETC designated by the Commission, including those designated prior to this decision, must submit on an annual basis: 1) progress updates on its five-year service quality improvement plan; 2) detailed information on outages in the ETC's network; 3) how many requests for service from potential customers were unfulfilled for the past year and the number of complaints per 1,000 handsets or lines; and 4) certifications that the ETC is complying with applicable service quality standards and consumer protection rules, is able to function in emergency situations, is offering a local usage plan comparable to that offered by the incumbent LEC in the relevant service areas, and acknowledge that the Commission may require it to provide equal access to long distance carriers.
- (4) **Other Issues** – The Commission also: 1) agrees with the Joint Board's recommendation that the Commission's procedures for redefinition proceedings do not warrant a change at this time; 2) grants certain pending petitions for redefinition of rural incumbent LEC study areas; 3) modifies the Commission's annual high-cost certification and line count filing deadlines so that newly designated ETCs are permitted to file these data within sixty days of their ETC designation date, and modifies the quarterly interstate access support certification filing schedule; and 5) delegates authority to the Universal Service Administrative Company, in accordance with direction from the Wireline Competition Bureau, to develop standards for the submission of any maps that ETCs are required to submit under Commission rules.

Action by the Commission, February 25, 2005, by Report and Order (FCC 05-46).  
Chairman Powell, Commissioners Abernathy, Copps, and Adelstein with Commissioner Martin approving in part and dissenting in part.

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Docket No.: CC 96-45

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